

ANALYSIS OF COST STATEMENTS
DECEMBER, 1952

The delivered price of alcohol increased early in December from \$.35184 per gallon to \$.37528 per gallon. Our inventory at the time, 102,800 gallons, was adjusted in the amount of \$2,409.63. This amount was offset against the loss due to raw material price decline taken in November.

The Use and Occupancy insurance settlement following the October fire at Torrance (\$23,116.40) was entered in the books as a reduction in the cost of production of DDT, per instructions of Brethauer and Fischer. This adjustment was entered in the year to date column, so that production costs for the month of December correctly reflect current market and operating conditions.

Sales for December were affected by price adjustments under the DDT Sales contracts in the amount of \$12,925.00. Since \$7,325.00 of this adjustment was anticipated in November, the net effect of the adjustments was a reduction in Gross Sales amounting to \$5,600.00.

Normal administrative expense for December was \$13,724.42. Payment of a Christmas bonus amounting to \$13,332.91 increased the administrative expense to \$27,057.33.

MONTROSE CHEMICAL CORPORATION
OF CALIFORNIA

ANALYSIS OF COST STATEMENTS
OCTOBER, 1952

October 31 Finished Goods Inventories at Torrance were valued on a last-in first-out basis for the following reasons:

1. Sales of each type of DDT were less than the inventory carried over from September.
2. Exceptionally low production because of process difficulties and a fire at Torrance resulted in a high production cost. (See schedule below.)

Valuing inventories on this basis places the burden of the high production costs on October operations. The usual method of valuing inventories would have resulted in greater distortion of the profit picture in succeeding months, particularly in conjunction with the reduction in sales price effective in November.

COMPARATIVE PRODUCTION AND COST SCHEDULE
BASED ON 100# OF DDT

	<u>Oct.</u>	<u>Sept.</u>	<u>Incr.</u>
Raw Materials	\$14 86	\$13 84	\$ 1 04
Operating Labor	2 07	66	1 39
Indirect Costs	13 17	5 94	7 23
Fixed Charges	1 99	75	1 24
Total Cost to Produce Lump DDT	33 33	21 13	12 20
Production	541,350#	1,705,750#	

A petition filed with the Wage Stabilization Board provides for an increase of seven cents per hour, effective September 1, for Henderson Plant employees. An additional labor cost of \$1,156.87 was distributed in October in anticipation of this expense.

60366

1-17-52

Construction in Progress

Appro'n

Expenditure

Torrance:

Auth. 791 - Auto. SOO chg. System	\$ 5 835 00	\$ 2 686 29
Auth. 836 - Mix Storage		2 351 14
Auth. 837 - Filtration Wash. Sys.*		5 000 00
Auth. 868 - Overhaul Existing Fume Scrubbing System	6 170 00	6 261 20
Auth. 891 - 30,000 G Wooden Tank for Lime Storage	875 00	912 47
Auth. 919 - Repairs to Flakers	7 150 00	<u>3 105 36</u>

* Estimated Salvage Value only

\$ 20 316 46

Henderson:

Auth. 818 - 30,000 G Muriatic Acid Storage Tank	\$ 19 100 00	\$ 36 253 26
Auth. 845 - Fume Scrub. System for Scavenger Vent Gases	14 500 00	14 870 53
Auth. 850 - 150,000 G Alcohol Str.tk.	14 500 00	21 149 14
Auth. 861 - 500,000 G Still Residue Storage Tank	32 000 00	32 649 60
Auth. 865 - New "B" Benzolator	25 000 00	36 450 64
Auth. 867 - Spare MCB Column	32 000 00	69 090 25
Auth. 884 - Spare Karbate MCB-HCl Tower	15 750 00	688 84
Auth. 908 - Constr. of 2,4-D Plant	235 000 00	15 594 58
Auth. 909 - Dykes around Stor.Tks	4 050 00	14 427 44
Auth. 911 - Repair of Steel Tower for MCB Still	5 000 00	5 095 63
Auth. ??? -		4 536 62
Auth. 923 - Revise & Improve Chloral- HCl System	24 000 00	<u>20 049 03</u>

\$270 855 56

Prepaid Taxes

L. A. County Taxes

\$ 8 505 24

\$ 8 505 24

Prepaid Insurance

Boiler	\$ 4 031 31
State Comp. Ins. Deposit Premium	400 00
Fire Insurance - Henderson	7 509 70
Fire Insurance - Torrance	5 434 75
Use & Occupancy	10 927 52
Fidelity Bond	55 14
Alcohol Bond	41 66
Assessment Liability	38 52
Transportation	26 28
Excess Public Liability & Prop. Damage	<u>333 77</u>

28 798 65

\$ 37 303 89

Construction in Progress

Appro'n

Expenditure

Torrance:

Auth. 791 - Auto. SOO chg. System	\$ 5 835 00	\$ 2 686 29
Auth. 836 - Mix Storage		2 351 14
Auth. 837 - Filtration Wash. Sys.*		5 000 00
Auth. 863 - Constr. of Chng. House	19 337 00	18 280 43
Auth. 868 - Overhaul of Existing Fume Scrub. Sys.	6 170 00	5 314 64
Auth. 891 - 30,000 G. Wooden Tank for Lime Storage	875 00	912 47
Auth. 919 - Repairs to Flakers	7 150 00	<u>3 052 89</u>

* Estimated Salvage Value only

\$ 37 597 86

Henderson:

Auth. 818 - 30,000 G. Muriatic Acid Stor. Tank	\$ 19 100 00	\$ 36 253 26
Auth. 845 - Fume Scrubber System for Scavenger Vt Gss	14 500 00	14 870 53
Auth. 850 - 150,000 G. Alcohol Storage Tank	14 500 00	21 149 14
Auth. 861 - 500,000 G. Still Resi- dues Stor. Tank	32 000 00	31 465 14
Auth. 865 - New "B" Benzolator	25 000 00	38 977 64
Auth. 867 - Spare MCB Column	32 000 00	77 732 25
Auth. 884 - Spare Karbate MCB-HCl Tower	15 750 00	688 84
Auth. 908 - Constr. of 2-4D Flt	235 000 00	15 573 68
Auth. 909 - Dykes around Stor. Tks	4 050 00	14 427 44
Auth. 911 - Repair Structural Steel Tower - MCB Still	5 000 00	5 095 63
Auth. ?		4 536 62
Auth. 923 - Revise & Impr. Chloral- HCl System	24 000 00	<u>9 730 82</u>

\$270 500 99

Prepaid Taxes

L. A. County Taxes	\$ 9 922 78
State Franchise Tax	3 043 07
City Business License	201 26
Property Taxes - Henderson	<u>214 85</u>

\$ 13 381 96

Prepaid Insurance

Boiler	\$ 4 284 28
State Compensation Deposit Premium	400 00
Fire Insurance - Henderson	8 652 98
Fire Insurance - Torrance	5 923 85
Use & Occupancy	11 603 64
Fidelity Bond	57 37
Alcohol Bond	60 40
Assessment Liability Insurance	43 33
Transportation Insurance	29 16
Rentauto Insurance	<u>2 51</u>

31 078 61

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\$ 44 460 57

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**MONTROSE CHEMICAL CORPORATION
OF CALIFORNIA**

Supplement
October 31, 1952 Page 2

Construction in Progress

Appro'n

Expenditure

Torrance:

Auth. 791 - Automatic SOO Chg. Sy.	\$ 5 835 00	\$ 2 686 29
Auth. 836 - Mix Storage		2 351 14
Auth. 837 - Filtration Wash. Sys.*		5 000 00
Auth. 863 - Constr. of Change House	19 337 00	16 057 43
Auth. 868 - Overhaul of existing Fume Scrub. System	6 170 00	5 314 64
Auth. 891 - 30,000 G Wooden Tank for Lime Storage	875 00	912 47
Auth. 919 - Repairs to Flakers	7 150 00	<u>580 79</u>

* Estimated Salvage Value only

\$ 32 902 76

Henderson:

Auth. 818 - 30,000 G Muriatic Acid Storage Tank	\$ 19 100 00	\$ 36 253 26
Auth. 845 - Fume Scrubber System for Scavenger Vent Gases	14 500 00	14 870 53
Auth. 850 - 150,000 G Alcohol Storage Tank	14 500 00	21 149 14
Auth. 861 - 500,000 G Still Residues Storage Tank	32 000 00	29 055 74
Auth. 865 - New "B" Benzolator	25 000 00	38 977 64
Auth. 867 - Spare MCB Column	32 000 00	77 708 41
Auth. 884 - Spare Carbate MCB HCl Tower	15 750 00	688 84
Auth. 908 - Construction of 2-4D Plant	235 000 00	15 418 29
Auth. 909 - Dykes around Stor.Tks	4 050 00	14 427 44
Auth. 911 - Repair Struct. Steel Tower - MCB Still	5 000 00	95 63
Auth. ?		4 536 62
Auth. 923 - Revise & Improve Chloral - HCl System	24 000 00	<u>233 95</u>

\$253 415 49

Prepaid Taxes

L. A. County Taxes	\$ 11 340 32
State Franchise Tax	6 086 14
City Business License	402 52
Property Taxes - Henderson	<u>429 70</u>

\$ 18 258 68

Prepaid Insurance

Boiler	\$ 4 537 25
State Compensation Deposit Premium	400 00
Fire Insurance - Henderson	8 364 42
Fire Insurance - Torrance	6 444 95
Use & Occupancy	12 279 76
Fidelity Bond	59 60
Alcohol Bond	83 32
Assessment Liability Insurance	48 14
Rented Auto Insurance	<u>11 02</u>

32 228 46

ngb

\$ 50 487 14

Construction in Progress

Appro'n

Expenditure

Torrance:

Auth. 791 - Auto. SOO Chg. System	\$ 5 835 00	\$ 2 686 29
Auth. 836 - Mix Storage		2 351 14
Auth. 837 - Filtration Washing Sys.*		5 000 00
Auth. 863 - Constr. of Change House	19 337 00	12 597 00
Auth. 868 - Overhaul of existing fume scrubbing System	6 170 00	4 678 94
Auth. 891 - 30,000 Gal. wooden tank for Lime Storage	875 00	<u>912 47</u>

* Estimated Salvage Value only

\$ 28 225 84

Henderson:

Auth. 782 - Add'l Foamite Fire Pro- tection Equip.	\$ 3 300 00	\$ 4 194 10
Auth. 818 - 30,000 Gal. Muriatic Acid Storage Tank	19 100 00	36 253 26
Auth. 845 - Fume Scrubber System for Scavenger Vent Gases	14 500 00	14 816 24
Auth. 850 - 150,000 Gal. Alcohol Storage Tank	14 500 00	21 149 14
Auth. 861 - 500,000 Gal. Still Residues Stor. Tk.	32 000 00	25 478 34
Auth. 865 - New "B" Benzolator	25 000 00	38 219 36
Auth. 867 - Spare MCB Column	32 000 00	77 520 28
Auth. 884 - Spare Karbate MCB HCl Tower	15 750 00	688 84
Auth. 908 - Construction of 2-4D Plant	235 000 00	13 266 53
Auth. 909 - Dykes around Stor. Tks	4 050 00	14 427 44
Auth. 911 - Repair Struct. Steel Tower - MCB Still	5 000 00	95 63
Auth. ?		<u>3 507 37</u>

\$249 616 53

Prepaid Taxes

State Franchise Tax	\$ 9 129 21
City Business License	603 78
Property Taxes - Henderson	<u>644 55</u>

\$ 10 377 54

Prepaid Insurance

Boiler	\$ 6 120 41
State Compensation Deposit Premium	400 00
Fire Insurance - Henderson	9 200 86
Fire Insurance - Torrance	6 776 20
Use & Occupancy	24 981 47
Fidelity Bond	61 83
Alcohol Bond	104 16
Assessment Liability Insurance	52 95
Rented Auto Insurance	<u>16 53</u>

47 714 41

\$ 58 091 95

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